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UNCLAS SECTION 01 OF 02 LILONGWE 000341

SIPDIS

STATE FOR AF/S ADRIENNE GALANEK
STATE PLEASE PASS TO MCC/KEVIN SABA
STATE FOR EB/IFD/OMA FRANCES CHISHOLM
STATE FOR EB/IFD/ODF LINDA SPECHT
TREASURY FOR INTERNATIONAL AFFAIRS/AFRICA/BEN CUSHMAN
JOHANNESBURG FOR FCS
MCC FOR KEVIN SABA

E.O. 12958: N/A

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SUBJECT: MALAWI SCORES FIRST BIG CORRUPTION WIN

REF: 2004 LILONGWE 1110

SUMMARY

1. The mayor of Blantyre, Malawi's largest city, was convicted of theft yesterday. The Blantyre Magistrate's Court sentenced John Chikakwiya to three years in prison for stealing MK400,000 (\$3,700) of funds solicited from a local merchant for city road repairs. This is the first conviction of a major political figure since President Bingu wa Mutharika's anti-corruption campaign began nearly a year ago.

A MULUZI LOYALIST AND UDF BIGWIG

2. Chikakwiya is among the most loyal supporters of former President Bakili Muluzi in his ongoing political battles with Mutharika. In addition to being mayor of Blantyre, Chikakwiya is the United Democratic Front's (UDF) regional governor for the Southern Region, the country's most populous and the party's home territory. Mutharika quit the UDF earlier this year to form the Democratic Progressive Party, the split arising from UDF's tolerance for corruption and Muluzi's efforts to control the government through the party.

3. Significantly, Chikakwiya was indicted by the Director of Public Prosecutions rather than the Anti Corruption Bureau, and he was convicted of theft rather than corrupt practices. This means that the Bureau, and the newly overhauled Corrupt Practices Act, have yet to prove themselves. But the presiding magistrate went out of his way in the court pronouncement to say that he would have convicted Chikakwiya for abuse of office had he not convicted under the more serious charge of theft.

NICE TIMING

4. The conviction comes just as the donors and opposition were beginning to express scepticism over the seriousness--or competence--of Mutharika's anti-corruption campaign. Only days before, the British high commissioner was widely quoted as saying there has not been much to show for the fight against corruption. And as Muluzi's loyalists have cried persecution, other opposition parties have openly accused Mutharika of shielding UDFers from past crimes in exchange for political loyalty. The only other big case to come to trial, that of Humphrey Mvula, ended last month with acquittal on a legal technicality.

5. Despite its failure to get convictions in big corruption cases, the administration appears to have been working quietly to remove opportunities for corruption. The Ministry of Finance has been implementing improved financial controls and procurement procedures in the line ministries, and well as dramatically tighter reporting requirements. In the past week, the government has also announced that it has begun reorganizing the boards of several parastatals in the communications sector, including both television companies and the communications regulatory authority. While these measure do not grab headlines, they are likely to have a substantive effect on waste, fraud, and abuse in government.

COMMENT

6. Chikakwiya's conviction is a qualified victory for Mutharika's anti-corruption drive. On the one hand, it is politically important, because it strikes at one of Muluzi's closest political cronies. And it is the first major court

win for the president's legal team. On the other hand, the offense was small compared with the multimillion-dollar ministerial scandals involving unbuilt school buildings, misappropriated famine relief, and fleets of overvalued government vehicles. Added to which, the Chikakwiya case was as easy a win as government prosecutors could expect, Chikakwiya's being a particularly clumsy crime. The highest profile cases, which will be much harder to prosecute and about which the average Malawian harbors deep resentment, are yet to come.

GILMOUR